C. Reporting requirements for the consolidated banking statistics

C.1. General

The consolidated banking statistics (CBS) capture the consolidated positions of banks' worldwide offices, including the positions of banks' foreign subsidiaries and branches but excluding inter-office activity. Central banks and other official authorities collect the data from individual consolidated banks headquartered in their jurisdiction, and then provide to the BIS aggregated data for their national banking system.

The statistics comprise two subsets, compiled on different bases:

- *Immediate risk basis (CBS/IR)*. Claims are allocated to the country of residence of the immediate counterparty. The data cover financial claims, risk transfers and certain liabilities reported by banks headquartered in the reporting country as well as selected affiliates of foreign banks.
- *Ultimate risk basis (CBS/UR)*. Claims are allocated to the country where the final risk lies. The data cover on-balance sheet claims as well as some off-balance sheet exposures of banks headquartered in the reporting country and provide a measure of country credit risk exposures consonant with banks' own risk management systems.

In principle, the two subsets should sum to the same total for domestic banks from each reporting country; risk transfer information can be used to derive claims on an ultimate risk basis from those on an immediate risk basis. In practice, differences in the reporting area and, prior to the Q4 2013 reporting period, the exclusion of claims on residents of the reporting country will result in discrepancies.

Table C1 summarises the data to be reported for the CBS and highlights the new reporting requirements that take effect from the Q4 2013 reporting period. Section C.2 describes the reporting area and reporting institutions. Section C.3 explains the different types of positions to be reported. Sections C.4 to C.6 set out the guidelines for the reporting of positions on an immediate risk basis, risk transfers and positions on an ultimate risk basis, respectively. Other reporting conventions which apply to both the LBS and CBS are discussed in Section D. A list of frequently asked questions and examples of reporting of specific transaction types are provided in Section E.

C.2. Reporting area and institutions

C.2.1. Reporting area

The number of countries providing consolidated banking statistics to the BIS has increased from 15 in 1983 to 31 currently (Table A2). The expression "CBS reporting area" refers to this set of reporting countries collectively. Since the statistics capture banks' worldwide consolidated positions, the CBS reporting area is not synonymous with the *location* of the banking offices participating in the data collection. That is, a reporting country should consolidate the positions of all banking entities owned or controlled by a parent institution located in the reporting country, and thus will include banking entities which are actually domiciled elsewhere.

Table C1

Summary of reporting requirements for the consolidated banking statistics

Requirements effective from Q4 2013 are shown in **red (Stage 2)**

Breakdowns to be reported					
Positions	**Counterparty country**[1]	**Counterparty sector**	**Instrument**	**Maturity**	**Currency**
Members	>200	**5–7**	4	4	>160
Immediate risk basis[2]					
Claims					
International claims	Yes	Yes[3]	No	Yes[4]	No
Local claims in FX[5]	Yes	No	No	No	No
Local claims in LC[5]	Yes	No[6]	No	No	Yes
Total liabilities	No	No	Yes	Yes[7]	No
Local liabilities in LC[5]	Yes	No	No	No	Yes
Total equity	No	No	No	No	No
Other items					
Total assets	No	No	No	No	No
Risk-weighted assets	No	No	No	No	No
Tier 1 capital	No	No	No	No	No
Risk transfers[2]					
Net	Yes	No	No	No	No
Inward	Yes	No	No	No	No
Outward	Yes	No	No	No	No
Ultimate risk basis[8]					
Total claims	Yes	Yes	No	No	No
Local claims	Yes	No	No	No	No
Cross-border claims	Yes	No	No	No	No
Derivatives claims	Yes	No	No	No	No
Contingent positions					
Guarantees extended	Yes	No	No	No	No
Credit commitments	Yes	No	No	No	No

[1] Including positions vis-à-vis the reporting country. [2] Breakdowns are required from domestic banks (bank type B) and encouraged from inside-area foreign banks not consolidated by their controlling parent institution (bank type E). Other bank types are required to report international claims only. [3] Separately from the maturity breakdown. [4] Separately from the counterparty-sector breakdown. [5] FX = foreign currencies; LC = local currencies. [6] Counterparty-sector breakdown for local claims in local currencies is optional. [7] Required for debt securities liabilities only. [8] Breakdowns are required from domestic banks (bank type B).

C.2.2. *Reporting institutions*

Reporting institutions are financial institutions whose business it is to receive deposits, or close substitutes for deposits, and to grant credits or invest in securities on their own account. Thus, the community of reporting institutions should include not only commercial banks but also savings banks, credit unions or cooperative credit banks, and other financial credit institutions. In these Guidelines, head offices, subsidiaries and branches of such institutions are collectively referred to as either "banks" or "banking offices". [22]

In the CBS, four types of reporting institutions are to be distinguished depending on the nationality of the reporting bank's controlling parent institution. These are summarised in Table C2. For the purpose of identifying the controlling parent in the international banking statistics, the nationality of a reporting bank may be defined as the country where the bank's group-level supervisor (or "home" supervisor) is located, regardless of whether the group itself is a banking or non-banking entity.[23] What is relevant for the identification of the controlling parent is the highest level entity over which consolidated supervision is exercised by prudential authorities. The controlling parent institution may thus be the ultimate parent, or may be the head of a financial group that is a subset of a diversified conglomerate.[24] Where control is unclear, a controlling interest may be assumed to exist if participation exceeds 50% of the subscribed capital of a bank. Complicated cases can be resolved by discussions among central banks, facilitated by the BIS (see the box on page 14).

All four bank types should report the CBS on an immediate risk (IR) basis; only domestic banks (bank type B) are required to report the statistics on an ultimate risk (UR) basis.

A reporting institution whose activities are not consolidated by its parent should be reported by the host country as either an inside-area foreign bank (if the controlling parent institution is in another reporting country) or an outside-area foreign bank (if the controlling parent institution is in a non-reporting country).

In the specific case where the reporting country that hosts a type E banking office does not reach an agreement with the reporting home country to include the affiliate's claims in the consolidated data of the parent country's domestic banks (and the institution is not consolidated by another reporting institution), the host country should report the consolidated positions of the bank under bank type E. Given the limited number of cases falling under this bank type, the BIS does not currently publish breakdowns for these banks separately, and only includes the positions of these offices in the global aggregates (ie in positions of "all reporting banks") on an immediate risk basis. If the positions of these banks grow, the BIS will consult with reporting central banks about the feasibility of separately reporting these data according to the nationality of the controlling parent institution.

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[22] This definition of "banks" conforms to other widely used definitions, such as "deposit-taking corporations, except the central bank" in the System of National Accounts (SNA) and the Balance of Payments Manual (BPM6), and "other (than central bank) depository institutions" in the IMF money and banking statistics.

[23] The group-level supervisor is responsible for all areas of group-wide supervision not covered by sectoral supervision (ie insurance, banking or securities supervision). The group-level supervisor is also responsible for coordination among the sectoral supervisors of a financial group, and typically carries out supervision of the largest part of the group. The details of the process for determining the group-level supervisor is likely to be jurisdiction specific. See Joint Forum, *Principles for the supervision of financial conglomerates: final report*, BIS, September 2012. Available at: www.bis.org/publ/joint29.htm.

[24] The head is the entity that controls or exerts dominant influence over the financial group. For a bank that is part of a wider corporate conglomerate, the home country from a prudential perspective could differ from the country where the ultimate parent is located. For the purpose of the international banking statistics, the terms home country and parent country are used synonymously.

Table C2

Types of reporting institutions in the consolidated banking statistics

Type	Reporting institutions	Definition
A	All reporting banks	Sum of bank types B, C, D and E
B	Domestic banks	Banks whose controlling parent institution is located in the reporting country, regardless of whether the controlling parent is a banking or non-banking entity.
C	Inside-area foreign banks consolidated by their parent	Branches or subsidiaries located in the reporting country whose activities are consolidated by a controlling parent institution in another reporting country. Data reported for these banks will not be included in global aggregates calculated by the BIS but will be used in analyses that require a comprehensive view of reporting banks' international activity.
D	Outside-area foreign banks[1]	Banking offices located in the reporting country whose controlling parent institution resides in a non-reporting country. This type also includes consortium banks with parents of unidentified or mixed nationality.
E	Inside-area foreign banks not consolidated by their parent[2]	Branches or subsidiaries located in the reporting country whose activities are *not* consolidated by a controlling parent institution in another reporting country. This type mainly comprises banking offices with a non-bank controlling parent institution (eg the banking subsidiary of an insurance group).

[1] Data for outside-area foreign banks (bank type D) should be reported separately from those for inside-area foreign banks not consolidated by their parent (bank type E). Prior to the Q4 2010 reporting period, bank types D and E were reported together. [2] From the Q4 2010 reporting period.

C.3. Types of positions

The consolidated banking statistics combine features of a worldwide-consolidated reporting system with elements of a locational reporting system. In particular, the CBS distinguish between types of claims based on the location of the banking office that books or records the position.

- *Cross-border*. Positions where the country in which the counterparty is located is different from that where the banking office that grants or extends the claim is located.
- *Local*. Positions vis-à-vis residents of the country where the banking office that books the claim is located.

The above definitions are valid for positions on an immediate risk as well as ultimate risk basis. Total positions on counterparties residing in a given country are defined as the sum of cross-border and local positions (Table C3).

Prior to the Q4 2013 reporting period, the CBS exclude positions vis-à-vis residents of the reporting country and focus exclusively on positions vis-à-vis non-residents.

- *Foreign*. Positions vis-à-vis counterparties located outside of the reporting (parent) country.

Table C3

Types of claims in the consolidated banking statistics

Claims on residents of the reporting country		Claims on non-residents of the reporting country		
Cross-border claims booked by banking offices outside the reporting country (A)	Local claims booked by banking offices inside the reporting country (B)	Cross-border claims booked by banking offices outside the counterparty country (C)	Local claims booked by banking offices inside the counterparty country in foreign currency (D)	Local claims booked by banking offices inside the counterparty country in local currency (E)
Total domestic claims (A+B)		Total foreign claims (C+D+E)		
		Total international claims (C+D)		

- *Domestic*. Positions vis-à-vis residents of the reporting (parent) country, regardless of whether the claim is booked by a banking office in the reporting country (local claim) or by an office abroad (cross-border claim).

From the Q4 2013 reporting period, banks should report total positions vis-à-vis residents of the reporting country, ie total domestic claims.

A partial currency breakdown is requested for the CBS/IR. Specifically, on the asset side, local claims in foreign currencies and local claims in individual local currency should be reported separately. Local claims in foreign currencies are added to cross-border claims in all currencies and reported together as *international claims* with a counterparty-sector and maturity breakdown. Total claims on an immediate risk basis can then be calculated as the sum of international claims and local claims in local currency. On the liability side, local liabilities in local currency should be reported separately.

C.4. Positions on an immediate risk basis

The reporting population for the CBS/IR includes all four types of reporting institutions (see Section C.2.2). However, items other than international claims need not be reported by institutions other than domestic banks (bank type B).[25]

C.4.1. Claims

Claims on an immediate risk basis should comprise all items that represent an on-balance sheet financial asset. The only exception is that any on-balance sheet derivatives instruments with a positive market value should be excluded. Derivatives contracts are excluded from claims on an immediate risk basis to be consistent with claims on an ultimate risk basis, where derivatives contracts with a positive market value, ie “derivatives claims” in Table C1, are reported separately (see Section C.6.1.2).

As in the locational banking statistics, claims should include the following financial assets: deposits and balances placed with banks; loans and advances; trade-related credits;

[25] Inside-area banks not consolidated by their parent (bank type E) are encouraged to report the same items as domestic banks (bank type B).

holdings of securities, including certificates of deposit, promissory notes, collateralised debt obligations and asset-backed securities; holdings of notes and coins; loan or other claim positions funded with claims under sale and repurchase agreements;[26] and participations, including equity holdings in non-bank subsidiaries. Lending of securities, gold and other precious metals without cash collateral should not be reported.

C.4.1.1. Types of claims to be reported

Domestic banks (bank type B) are expected to report international claims in all currencies and local claims in local currency. They are encouraged to report local claims in foreign currencies separately from international claims. From the Q4 2013 reporting period, domestic banks should include positions vis-à-vis residents of the reporting country; for prior periods, such positions are excluded from consolidated claims. Inter-office balances should be excluded.

Inside-area foreign banks consolidated by their parent (bank type C) should report, on an unconsolidated basis, only their cross-border claims on residents of their home country, including inter-office positions.[27] From the Q4 2013 reporting period – following the addition of domestic banks' positions vis-à-vis residents of the reporting country – consolidated claims of foreign affiliates on the home country will become a memorandum item; otherwise their continued inclusion in counterparty-country aggregates would result in double-counting.

Inside-area foreign banks not consolidated by their parent (bank type E) are encouraged to report on the same basis as domestic banks. Specifically, they should report on a consolidated basis, separating international and local claims in local currency.

Finally, outside-area foreign banks (bank type D) should report, on an unconsolidated basis, only international claims. These claims should include inter-office positions.[28]

C.4.1.2. Counterparty-country breakdown

Reporting institutions are requested to provide a full counterparty-country breakdown for all types of claims that they report, whether international, cross-border or local. Claims should be allocated to the country of residence of the immediate risk. From the Q4 2013 reporting period, claims should include positions on residents of the reporting country booked by banking offices in the reporting country as well as by those abroad.

The balance of payments concept of residence should be applied for the purpose of identifying the residence of the immediate risk. If identification of the country of residence is incomplete, counterparties should be allocated to the relevant residuals: developed countries, offshore centres, Africa and the Middle East, Asia-Pacific, Europe, Latin America and the Caribbean, or, if the region is unknown, unallocated.

[26] A bank that funds a position with a securities repurchase agreement in most circumstances retains economic ownership of the security, and thus should not de-recognise the securities position in its balance sheet. Rather, the bank should report the cash borrowing as a liability and the claim position it funds. See question 18 in Section E.2.1. Following this logic, a bank that lends securities or gold or other precious metals without receiving cash collateral should not recognise the position in the consolidated banking statistics.

[27] Claims of type C banks provide information about the maturity structure of reporting countries' external debt not available from the locational banking statistics.

[28] Claims of type D banks provide indicative information about the growth and international market share of outside-area banks and supplementary information about the external indebtedness of borrowing countries.

C.4.1.3. Counterparty-sector breakdown

In conjunction with the counterparty-country breakdown, reporting banks are requested to provide a counterparty-sector breakdown of their claims, as summarised in Table C2. A sector breakdown is required for international claims, or for cross-border claims if international claims are not reported (eg for bank types C and D). Central banks also have the option to report a counterparty sector breakdown for the local positions of their reporting banks' home offices and of their foreign affiliates.

Table C4

Counterparty sector dimension in the consolidated banking statistics

Counterparty sector	Definition
All sectors	Sum of banks, official sector, non-bank private sector and unallocated by sector.
Banks	Financial institutions whose business it is to receive deposits or close substitutes for deposits and to grant credits or invest in securities on their own account. For the purposes of the CBS, the bank sector excludes central banks and multilateral development banks.
Official sector	The general government sector, central bank sector and international organisations (including multilateral development banks). Public non-bank financial institutions and public corporations should not be classified as "official sector", but rather should be classified as non-bank financial institutions or non-financial private sector, respectively. Claims on official institutions should be allocated to the respective countries of their residence. The only exception is for claims on international organisations, which are to be reported as a separate item in the counterparty-country breakdown. International organisations and central banks are listed in Sections G and H of these Guidelines.
Non-bank private sector	Sum of non-bank financial institutions and non-financial private sector
Non-bank financial institutions	Private or public financial institutions, other than banks, engaged primarily in the provision of financial services and activities auxiliary to financial intermediation such as fund management. Includes special purpose vehicles, hedge funds, securities brokers, money market funds, pension funds, insurance companies, financial leasing corporations, central clearing counterparties, unit trusts, other financial auxiliaries and other captive financial institutions. It also includes any public financial institutions such as development banks and export credit agencies.
Non-financial private sector	Sum of non-financial corporations and households including NPISHs.
Non-financial corporations	Privately and publicly owned corporations as well as unincorporated enterprises that function as if they were corporations, such as partnerships and the branches of foreign corporations.
Households including NPISHs	Individuals, families, unincorporated enterprises owned by households, and non-profit institutions serving households (NPISHs) such as charities, religious institutions, trade unions and consumer associations.
Unallocated by sector	Any positions for which the sector of the counterparty is unknown.

From the Q4 2013 reporting period, the following sectors should be separately identified, with those sectors indicated in italics reported on an encouraged basis:

1. All sectors (= 2 + 3 + 4 + 5 + 6)
2. Banks
3. Official sector (general government and central bank)
4. Non-bank financial institutions
5. Non-financial private sector (= 5a + 5b)
    a. Non-financial corporations
    b. Households including NPISHs
6. Unallocated by sector

For periods prior to Q4 2013, non-bank financial institutions and the non-financial private sector are grouped together as the non-bank private sector.

For the purposes of the CBS, claims on central banks and multilateral development banks should be allocated to the official sector. This is in contrast to the LBS, where these claims are allocated to the counterparty sector "banks" and reported separately (see Section B.3.4). For sectors other than banks and the official sector, the allocation of claims should follow balance of payments or national account classifications. In case of doubt, the sector definition applied where the counterparty is resident may be used.

C.4.1.4. Maturity breakdown

A maturity breakdown is required for international claims, or for cross-border claims if international claims are not reported (eg for bank type C). No maturity breakdown is required for local claims. The maturity breakdown crossed with the counterparty-sector breakdown is not requested. That is, the maturity breakdown should be reported for positions vis-à-vis all counterparty sectors, and the counterparty-sector breakdown should be reported for positions of all maturities.

The maturity breakdown captures remaining maturity as opposed to original maturity. Positions should be allocated to the maturity buckets listed in Table C5 based on the time remaining from the end of the reporting period until the final payment of the claim.

Table C5

Maturity breakdown in the consolidated banking statistics (immediate risk basis)

Maturity breakdown	Definition
All maturities	Sum of all maturity buckets listed below
≤1 year	Claims with a remaining maturity of up to and including one year, ie claims with an original maturity of up to one year plus those with an original maturity of more than one year but falling due within the next 12 months. Claims that are receivable on demand should be allocated to the ≤1 year maturity bracket.
1–2 years	Claims with a remaining maturity of over one year and up to and including two years.
>2 years	Claims with a remaining maturity of over two years.
Unallocated by maturity	Claims for which the remaining maturity is unknown, or claims that cannot be classified by maturity (eg equities and participations).

C.4.2. Other items

From the Q4 2013 reporting period, banks are requested to report information on their total balance sheet size, liability structure and capital levels. This additional information will make it easier to assess the importance of banks' exposures to particular countries and sectors.

Initially, the definitions of total assets, risk-weighted assets, total liabilities and Tier 1 capital in Table C6 can be based on national supervisory definitions. Over time, the definitions should converge to those used by the Basel Committee on Banking Supervision for the calculation of leverage and capital ratios under Basel III.

C.4.2.1. Assets

From the Q4 2013 reporting period, domestic banks (bank type B) are encouraged to report, as part of their CBS/IR, figures for total assets (including (a) derivatives instruments with a positive market value and (b) non-financial assets) and for risk-weighted assets.[29] The figures for total assets should be consistent with the consolidation perimeter chosen for the reporting banking entity. For these assets positions, no additional breakdowns are requested. That is, the data should refer to positions vis-à-vis all counterparty countries and sectors, all currencies and all maturity buckets.

Reporting banks are encouraged to report these data at a quarterly frequency; otherwise semiannually.

C.4.2.2. Liabilities

From the Q4 2013 reporting period, domestic banks (bank type B) should report basic information about their total liabilities (TL). Separate data on the instruments listed under liabilities items in Table C6 are required.[30]

The instrument breakdown for total liabilities need not be crossed with other breakdowns. That is, the instrument breakdown above is requested for positions vis-à-vis all countries and all sectors, and in all currencies and all maturity buckets (with the exception noted in Table C6 concerning the maturity structure of debt securities liabilities).

Data on some liability instruments, particularly those classified in "other and unallocated liabilities", may not be available with the same frequency or under the same reporting conditions as for other items. In such cases, reporting banks are encouraged to provide estimated data or the same figures as those of the previous period.

C.4.2.3. Equity capital

In addition to the above items, banks are required to report their total equity (E). Total equity should ideally be calculated according to accounting principles.[31] But, it may also be reported as a residual of total assets minus total liabilities. In addition to total equity, banks are encouraged to report their Tier 1 capital.[32]

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[29] As noted in Sections C.4.1 and C.6.1.2, derivatives instruments with a positive market value should be excluded from claims in the CBS/IB and reported separately in the CBS/UR.

[30] Inside-area foreign banks not consolidated by their parent (bank type E) should report this information on an encouraged basis.

[31] See eg IAS 32.11 and 32.16.

[32] Such data have been collected by the BIS under the auspices of the CGFS since 1999 for a number of national banking systems. The existing collection includes data for Tier 2 capital; domestic banks (bank type B) currently reporting Tier 2 capital data should continue to do so.

Table C6

Other items in the consolidated banking statistics (immediate risk basis)

Assets	Definition
Total assets	Total assets (TA) are the total banking assets for the reporting entity based on the consolidation perimeter used for the reporting bank. TA is comprised of non-financial assets (NFA) plus financial assets (FA). That is, $TA = NFA + FA$ FA is comprised of total claims plus derivatives instruments with a positive market value.
Risk-weighted total assets	Supervisory definition.
Liabilities	**Definition**
Total liabilities	Sum of the liability instruments listed below
Deposit liabilities	Deposits including non-negotiable securities (eg non-negotiable CDs), and borrowings (ie loans) from banks. Inter-office positions should be excluded.
Debt securities liabilities with remaining maturity of one year or less	Negotiable securities (including negotiable CDs) with a remaining maturity of up to and including one year.
Debt securities liabilities with remaining maturity of more than one year	Negotiable securities (including negotiable CDs) with a remaining maturity of more than one year.
Derivatives liabilities	Derivatives instruments with a negative market value.
Other and unallocated liabilities	Retained earnings (with positive value) and debt liabilities not included under the funding instruments listed above.
Memo: *local liabilities in local currency*	Liabilities booked in the domestic currency of, and with a counterparty located in, the host country
Capital and equity	**Definition**
Tier 1 capital	Supervisory definition.
Total equity	Total equity (E) is the residual claims on the reporting bank after subtraction of its total liabilities from its total assets.[1] Ideally, the values reported for E should be consistent with the consolidation perimeter used to determine the reporting bank's total assets and liabilities. That is, $TA = TL + E$

[1] The definition of total equity can be based on International Financial Reporting Standards or on national accounting standards as applicable.

C.4.2.4. Local liabilities

Domestic banks (bank type B) should report their local liabilities in local currency with a full counterparty-country breakdown. Specifically, banks' foreign affiliates should report their local currency financial liabilities to residents of the country where the affiliate is located. From the Q4 2013 reporting period, affiliates *in* the reporting country should begin reporting their local currency financial liabilities to residents of the reporting country. Neither banks' foreign affiliates nor those in the reporting country are required to report separately their locally booked non-local currency liabilities to residents of the host country. Moreover, no sector, instrument or maturity breakdown of local liabilities is requested.

C.5. Risk transfers

A bank can offset its total exposure to a particular country using a variety of credit risk mitigants (CRMs), which include guarantees, collateral and credit derivatives. Use of these CRMs reduces a bank's exposure to a particular country by effectively transferring the risk to a different counterparty, possibly in a different country or sector.

Reporting banks are required to provide information about risk transfers associated with their claims on an immediate risk basis. In particular, they should report the amount of claims for which the residence of the immediate risk is different from the residence of the ultimate obligor.

C.5.1. Country of ultimate risk

The country where the ultimate risk lies is defined as the country of residence of the ultimate obligor. Specifically, it is the country where the guarantor of a financial claim resides or the parent of a legally dependent branch or affiliate is located.[33]

Claims on unaffiliated subsidiaries can only be considered as being guaranteed by the parent if it has provided an explicit guarantee. In contrast, claims on branches should, for the purposes of the CBS, always be considered as being guaranteed by the respective parent, even if there is no legal guarantee.

Collateral may be considered as an indicator of where the final risk lies to the extent that it is recognised as a risk mitigant according to the supervisory instructions in the reporting country. A list of recognised collateral under various approaches of credit risk mitigation is available in the Basel Capital Accord document.[34]

If credit derivatives are used to mitigate the counterparty risk associated with claims in the banking book, the country of ultimate risk of these positions is defined as the country in which the counterparty to the credit derivatives contract resides. The notional value (ie face value) of these positions (rather than the market value) should be reported (see Sections C.6.1.2 and D.2).

Similarly, in the case of holdings of credit-linked notes, other collateralised debt obligations and asset-backed securities, a "look-through" approach should be adopted and the country of ultimate risk is defined as the country where the debtor of the underlying credit, security or derivatives contract resides. This look-through approach might not always be possible in practice. Accordingly, reporting institutions might only be able to provide estimates for the allocation of claims to the country where the debtor of the underlying resides or to allocate the claims to the country of the immediate risk, which is the country where the issuer of the securities resides.

C.5.2. Inward and outward risk transfers

Information on the reallocation of claims should ideally be reported separately for outward and inward risk transfers. In other words, outward reallocations that reduce exposure to a given counterparty country should be reported separately from inward reallocations that increase

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[33] Banks extending claims to such a branch should reallocate the positions to the country of the branch's head office.

[34] See paragraphs 145 and 146 of Basel Committee on Banking Supervision, *International convergence of capital measurement and capital standards*, BIS, June 2006. Available at: www.bis.org/publ/bcbs128.htm.

exposure. Net risk transfers, calculated as the difference between inward and outward risk transfers, can be reported. If risk remains in the country of the immediate risk – for example, when risk is reallocated between different sectors but not outside the country – then a risk transfer should not be reported. Examples for the reporting of risk transfers are provided in Section E.

From the Q4 2013 reporting period, outward and inward risk transfers should in principle add up to the same total. For prior periods, the omission of risk transfers to residents of the reporting country potentially creates a discrepancy in these totals.

C.6. Positions on an ultimate risk basis

The consolidated banking statistics on an ultimate risk basis (CBS/UR) are to be reported by domestic banks (bank type B). All banking business should be reported on a consolidated basis with a counterparty-country breakdown based on the residence of the ultimate obligor. In other words, inter-office activity should be excluded and positions should be allocated to the country where the final risk lies.

C.6.1. Business to be reported

C.6.1.1. Cross-border and local claims

Domestic banks should provide data on their on-balance sheet financial claims, for their offices worldwide, including all claims vis-à-vis residents of the countries where the offices are located. The data on claims should comprise the same balance sheet items as in the immediate risk statistics (see Section C.4.1.1). Derivatives should be excluded and reported separately (see Section C.6.1.2).

Domestic banks should provide a breakdown of total claims by type, distinguishing between cross-border and local claims. In contrast to the types of claims reported on an immediate risk basis, the types requested on an ultimate risk basis do not take into account the currency in which the claim is denominated – that is, a breakdown into international claims and local claims in local currencies is not requested. If reporting institutions face difficulties distinguishing between cross-border and local claims, these may be estimated on a best efforts basis.

C.6.1.2. Derivatives claims

All derivatives instruments with a positive market value should be reported separately as “derivatives claims” (Table C1).[35] Domestic banks are requested to provide consolidated data on the financial claims resulting from derivatives instruments of all their offices worldwide. For the valuation of derivatives instruments, see Section D.2.

The data should in principle cover all derivatives instruments that are reported in the context of the BIS’s regular semiannual OTC derivatives statistics.[36] The data thus mainly comprise forwards, swaps and options relating to foreign exchange, and interest rate, equity, commodity and credit derivatives instruments.

Credit derivatives, such as credit default swaps and total return swaps, should only be reported under the item “derivatives claims” (and at market value) if they are held for trading

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[35] Derivatives instruments with a negative market value represent financial liabilities and are therefore to be excluded from the reporting of financial claims. These positions will be collected (without a country breakdown) from the Q4 2013 reporting period as part of the instrument breakdown of banks’ liabilities (see Section C.4.2.2).

[36] Over 60 financial institutions from 13 countries participate in this survey. Data and methodological notes are available on the BIS website (www.bis.org/statistics/derstats.htm).

by a protection-buying reporting bank. From the Q4 2013 reporting period, derivatives instruments with a negative market value should be reported as part of the instrument breakdown of total liabilities (see Section C.4.2.2).

Credit derivatives that are *not* held for trading, eg those held in the banking book, should be reported as “risk transfers” (and at notional value) by a protection-buying reporting bank. For a protection selling reporting bank, all credit derivatives (ie CDS sold) should be reported as “guarantees” (see Sections C.6.1.3 and D.2). Note that CDS sold should be reported at gross notional values (but net of cash collateral) and vis-à-vis the country of the underlying reference entity where the ultimate (final) risk lies.

C.6.1.3. Contingent positions: guarantees extended and credit commitments

Reporting domestic banks are required to provide consolidated data on guarantees outstanding of all their offices worldwide. Similar data should also be provided separately for credit commitments outstanding. For the valuation of guarantees extended and credit commitments, see Section D.2.

Guarantees and credit commitments should be reported to the extent that they represent the unutilised portions of binding contractual obligations and any other irrevocable commitments. They should only cover those obligations which, if utilised, would be reported in total cross-border claims and local claims in any currency. Performance bonds and other forms of guarantees should only be reported if, in the event of the contingency occurring, the resulting claim would have an impact on total cross-border claims and local claims in any currency.

A more detailed definition of guarantees and credit commitments and a non-exhaustive list of typical instruments that qualify as guarantees and credit commitments are provided in Table C7.

Table C7

Contingent positions in the consolidated banking statistics (ultimate risk basis)

Contingent liabilities	Definition
Guarantees extended	Contingent liabilities arising from an irrevocable obligation to pay a third-party beneficiary when a client fails to perform certain contractual obligations. They include secured, bid and performance bonds, warranties and indemnities, confirmed documentary credits, irrevocable and standby letters of credit, acceptances and endorsements. Guarantees extended also include the contingent liabilities of the protection seller of credit derivatives instruments.
Credit commitments	Arrangements that irrevocably obligate an institution, at a client’s request, to extend credit in the form of loans, participation in loans, lease financing receivables, mortgages, overdrafts or other loan substitutes or commitments to extend credit in the form of the purchase of loans, securities or other assets, such as backup facilities including those under note issuance facilities and revolving underwriting facilities.

C.6.2. Counterparty-sector breakdown

Claims should be reported with a counterparty-sector breakdown based on the sector of the ultimate obligor. The sector breakdown is required only for total claims; no sector breakdown is requested for cross-border or local claims separately or for other reported business. Furthermore, no instrument, maturity or currency breakdown is required for claims reported on an ultimate risk basis.

The counterparty-sector breakdown is the same as that for international claims on an immediate risk basis (see Section C.4.1.3).